

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
WILMINGTON DIVISION**

IN RE:

**EAST COAST DEVELOPMENT II, LLC,
DEBTOR**

**CHAPTER 11
CASE NO. 11-02792-8-RDD**

**DEBTOR'S EMERGENCY MOTION FOR AUTHORIZATION TO USE CASH
COLLATERAL PURSUANT TO 11 U.S.C. § 363**

COMES NOW East Coast Development II, LLC (hereafter the “Debtor”), by and through the undersigned counsel, and respectfully moves this Court for an Order authorizing the Debtor to use cash collateral pursuant to 11 U.S.C. § 363. Furthermore, the Debtor respectfully requests an emergency hearing before this Court, pursuant to Rule 4001(b)(2) of the Bankruptcy Rules, in order to avoid immediate and irreparable harm to the Estate.

Pursuant to Bankruptcy Rule 4001(b)(1)(B), the Debtor sets forth the following introductory statement:

The Debtor is a North Carolina limited liability company and anticipates a continuation of operations by way of this proposed reorganization. The Debtor believes that in order to maintain existing operations and retain maximum value of its business, the Debtor will be required to incur certain operating expenses. The Debtor will require necessary funds for operating its business and other expenses, including repairs, maintenance, utilities, and other expenses. One of the Debtor's primary sources of continued income is through operations, including the rental of real property. It appears that the income generated from the Debtor's rental property business may constitute cash collateral of BB&T, Ciena Capital, First Bank, Georgia Capital, and Wells Fargo Bank (the “Creditors”) within the meaning of § 363 of the Bankruptcy Code.

In support of this Motion for an Order Authorizing Use of Cash Collateral, the Debtor

shows unto this Court the following:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The Debtor filed its petition pursuant to Chapter 11 of the United States Bankruptcy Code on April 8, 2011, and operates as a Debtor-in-Possession.

3. The Debtor is a North Carolina limited liability company in the business of renting real property located in Onslow County, New Hanover County, Guilford County, Wake County, Brunswick County, North Carolina, and Greenville County, Charleston County, and Richland County, South Carolina.

4. Prior to filing, each of the Creditors took security interests in assets of the Debtor.

These security interests purport to be perfected as follows:

a. BB&T appears to have a perfected security interest in the Debtor's accounts receivable and rental income generated from the property known as 121 Market Street, Wilmington, New Hanover County, North Carolina, and 126 Princess Street, Wilmington, New Hanover County, North Carolina by virtue of certain assignments of rents provisions set forth in the deeds of trust encumbering these properties;

b. Ciena Capital appears to have a perfected security interest in the Debtor's accounts receivable and rental income generated from the properties known as 118-122 Princess Street, Wilmington, New Hanover County, North Carolina, and 125 Market Street, Wilmington, New Hanover County, North Carolina by virtue of certain assignment of rents provisions set forth in the deeds of trust encumbering these properties;

c. First Bank appears to have a perfected security interest in the Debtor's rental income generated from the properties known as 304 and 308 Castle Hayne Road,

Castle Hayne, New Hanover County, North Carolina, and 1020 N. Front Street (1st deed of trust), Wilmington, New Hanover County, North Carolina by virtue of certain assignment of rents provisions set forth in the deeds of trust encumbering these properties;

d. Georgia Capital appears to have a perfected security interest in the Debtor's rental income generated from the properties known as 20 N. Front Street, Wilmington, New Hanover County, North Carolina; 127 Market Street, Wilmington, New Hanover County, North Carolina; 3404 and 3412 Castle Hayne Road, Castle Hayne, New Hanover County, North Carolina; and 109 Gladiolus Road, Castle Hayne, New Hanover County, North Carolina by virtue of certain assignment of rents provisions set forth in the deeds of trust encumbering the properties; and

e. Wells Fargo appears to have a perfected security interest in the Debtor's rental income generated from the properties known as 1020 N. Front Street (2nd deed of trust), Wilmington, New Hanover County, North Carolina; 105 Swing Road, Greensboro, Guilford County, North Carolina; 5600 Chapel Hill Hwy, Raleigh, Wake County, North Carolina; 2841 Azalea Drive, Charleston, Charleston County, South Carolina; 1400 Bluff Road, Columbia, Richland County, South Carolina; and 1400 Woodruff Road, Greenville, Greenville County, South Carolina.

5. It appears that the cash proceeds generated from the post-petition rental of the Debtor's properties may constitute cash collateral of the Creditors within the meaning of § 363 of the Bankruptcy Code.

6. The Debtor is currently anticipating a continuation of operations by way of its proposed reorganization. The Debtor believes that in order to maintain existing operations and retain maximum value of their business, the Debtor will be required to incur certain operating

expenses. The collection of rental proceeds is a significant source of cash with which to operate the Debtor's businesses.

7. The Debtor will require necessary funds for operational expenses and other expenses. These expenses include insurance, supplies, repairs, maintenance, and other operating expenses, as well as applicable taxes.

8. The Debtor will maintain one or more Debtor-in-Possession bank accounts, into which it will deposit all cash, checks, and other cash items.

9. The Debtor represents that a reorganization and continuation of its operations will generate the greatest source of funds for creditors, including secured creditors.

WHEREFORE, the Debtor respectfully prays for the following relief:

1. For a preliminary hearing on this Motion in order that immediate harm to the Estate can be avoided;

2. For leave of the Court to pay necessary expenses utilizing current cash collateral generate by the above-described operations;

3. For an Order authorizing the Debtor to use cash collateral in accordance with 11 U.S.C. § 363; and

4. For such other and further relief that this Court deems just and appropriate.

DATED: 04/08/2011

s/Amy M. Currin
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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
WILMINGTON DIVISION

IN RE:

**EAST COAST DEVELOPMENT II, LLC,
DEBTOR**

**CHAPTER 11
CASE NO. 11-02792-8-RDD**

NOTICE OF EMERGENCY MOTION

NOTICE IS HEREBY GIVEN of the DEBTOR'S EMERGENCY MOTION FOR AUTHORIZATION TO USE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363 ("Motion") filed simultaneously herewith in the above captioned case; and,

FURTHER NOTICE IS HEREBY GIVEN that this Motion may be allowed provided no response and request for a hearing is made by a party in interest in writing to the Clerk of this Court; and,

FURTHER NOTICE IS HEREBY GIVEN, that a hearing will be conducted on the Motion and any response thereto on April 14, 2011 at 3:00 p.m. at the United States Bankruptcy Court, 1760-A Parkwood Blvd, Wilson, North Carolina.

DATE OF NOTICE: 04/08/2011

s/Amy M. Currin
AMY MARVINE CURRIN
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CERTIFICATE OF SERVICE

I, Amy M. Currin, Post Office Box 1654, New Bern, N.C. 28563-1654 certify;

That I am, and at all times hereinafter mentioned was, more than eighteen (18) years of age;

That on the 8th day of April, 2011, the DEBTOR'S EMERGENCY MOTION FOR AUTHORIZATION TO USE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363 AND NOTICE THEREOF was served on the parties shown below as indicated and on the parties shown on Exhibit A, attached hereto, electronically via facsimile or electronic transmission; and,

I certify under penalty of perjury that the foregoing is true and correct.

DATED: 04/08/2011

s/Amy M. Currin
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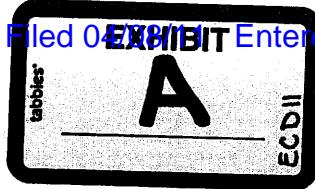
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